

178969

AUSTIN, LEWIS & ROGERS, P.A.
ATTORNEYS AND COUNSELORS AT LAW

DANIEL S. LEWIS
(1940-1981)

WILLIAM F. AUSTIN
E. CROSBY LEWIS
TIMOTHY F. ROGERS
RAYMON E. LARK, JR.
RICHARD L. WHITT
JEFFERSON D. GRIFFITH, III*
EDWARD L. EUBANKS
W. MICHAEL DUNCAN

COLUMBIA OFFICE:
CONGAREE BUILDING
508 HAMPTON STREET, SUITE 300
POST OFFICE BOX 11716
COLUMBIA, SOUTH CAROLINA 29201
TELEPHONE: (803) 256-4000
FACSIMILE: (803) 252-3679
WWW.ALRLAW.COM

WINNSBORO OFFICE:
120 NORTH CONGRESS STREET
POST OFFICE BOX 1061
WINNSBORO, SOUTH CAROLINA 29180
TELEPHONE: (803) 712-9900
FACSIMILE: (803) 712-9901

*ALSO MEMBER NORTH CAROLINA BAR

April 17, 2006

VIA HAND DELIVERY

The Honorable Charles L.A. Terreni
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29211

Re: Application (**Amended**) for Approval of Proposed Addition to Duke Power Company
LLC d/b/a Duke Energy Carolinas, LLC's Service Regulations and Various Tariffs to
Address Early Contract Termination
Docket No: 2006-91-E

Dear Mr. Terreni:

Duke Power Company LLC d/b/a Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or "the Company"), through counsel, hereby submits for filing an original and ten (10) copies of its Amended Application for the Public Service Commission of South Carolina ("Commission") approval to modify its Service Regulations; Rate Schedules G, W, GA, 9, BC, TS, GB, GT, I, IT, OPT, HP-X, PG, EV-X, MP and IS; and On-Site Generation Service ("OSG") Program tariff and service agreement to add or clarify provisions regarding the customer's obligations upon termination of or amendment to the customer's electric service agreement prior to the expiration of the initial term of contract. **Please substitute this Amended Application for the previously filed Application and we also enclose ten copies of "Tariff Rider IS (SC) Interruptible Power Service", which was not enclosed in the original filing.**

Duke Energy Carolinas proposes to add a provision to Leaf "A" of its Service Regulations to clarify the method for determining the amount that nonresidential customers will

be required to pay when terminating or amending the agreement before fulfillment of the initial term, unless the rate schedule and/or rider(s) under which the customer is serviced provide otherwise. The charge will be the lower of: (a) The net present value of the monthly minimum bills less any mitigation of damages; or (b) The sum of the loss due to early retirement of facilities specifically installed by the Company to provide service under the agreement (provided that this amount is not less than zero).

This clarification represents Duke Energy Carolinas' long-standing practice in the event of early contract termination with respect to the consideration of minimum bills for the remainder of the initial term and the loss due to early retirement of facilities to serve the customer. The Company has been in the process of reviewing its Service Regulations and rate schedules to determine what revisions would be appropriate in order to provide greater clarity regarding early termination obligations. Duke Energy Carolinas previously filed requests for approval of changes to its Economic Development (Rider EC) and Economic Redevelopment (Rider ER) riders and changes to its lighting rate schedules for Outdoor Lighting Service (Schedule OL), Public Lighting Service (Schedule PL) and Floodlighting Service (Schedule FL). These changes included specific provisions regarding early termination given certain unique aspects of these riders and rates. In its filing regarding Riders EC and ER, the Company noted that it would be requesting by separate cover, approval of a revision to its Service Regulations to include a provision addressing nonresidential customers' early termination obligations generally. The Commission approved the requested changes to Riders EC and ER by Order modifying, Docket No. 2004-335-E, Order No. 2004-639 (December 22, 2004) and to Schedules OL, PL and FL by Order Approving Revisions, Docket No. 2005-24-E, Order No. 2005-270 (May 23, 2005).

Additionally, Duke Energy Carolinas proposes to add the following language to Schedules G, W, GA, 9, BC, TS, GB, GT, I, IT, OPT, HP-X, PG, EV-X, MP and IS in order to conform them to the proposed changes to Leaf "A" and to direct customers to the Service Regulations for their early termination obligation: "If the Customer requests an amendment to or termination of the service agreement before the expiration of the initial term of the agreement,

the Customer shall pay to the Company an early termination charge as set forth in the Company's Service Regulations."

Lastly, the Company's OSG Program includes a formula-based rate that results in a monthly service fee specific to each participating customer. The OSG form of service agreement approved by the Commission in Docket No. 2001-245-E includes a detailed provision for calculation of a termination fee. Therefore, Duke Energy Carolinas proposes to amend the OSG tariff to simply refer to the service agreement for the early termination obligation. Also, the Company files for Commission information, an updated version of the OSG service agreement to correct a typographical error in the service agreement.

Attached are Leaf "A" to the Service Regulations with the proposed changes highlighted and the tariffs discussed above modified as discussed above. Duke Energy Carolinas respectfully requests Commission approval of these changes by April 25, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "William F. Austin".

William F. Austin
Richard L. Whitt

Lara Simmons Nichols
Associate General Counsel
Duke Power Company LLC
d/b/a Duke Energy Carolinas, LLC
(704) 382-9960

RLW/dss

CC: John Flitter
A.R. Watts
C. Lessie Hammonds, Esquire
(All of the South Carolina Office of Regulatory Staff)

Enclosures

RIDER IS (SC)
INTERRUPTIBLE POWER SERVICE

Available at the Company's option to non-residential customers receiving concurrent service from the Company on Schedules G, GA, I, GT, IT, OPT, or PG.

Under this Rider the Customer agrees, at the Company's request, to reduce and maintain his load at a level specified in the individual contract. The Company's request to interrupt service may be at any time the Company has capacity problems. For non-residential customers who enter into a specific contract for interruptible power service, the following provisions apply in addition to the stated provisions of the Customer's rate schedule:

1. General Provisions:

Contracts for interruptible power service will be accepted by the Company on the basis of successive contracts, and each contract shall specify an interruptible, integrated demand of not more than 50,000 KW to be subject to these provisions. The Company shall limit the acceptance of contracts to a total of 1,100,000 KW of Interruptible Contract Demand on all non-residential schedules on the total system.

At the option of the Company, Customers may specify that the interruptible load provisions of this Rider be applicable only to a designated portion of the Customer's load which shall be submetered for the purposes of this Rider.

Duke reserves the right to test the provisions of this Rider once per year if there has not been an occasion during the previous 12 months when the Company requested an interruption. Duke shall give advance notice of any test to customers served under this Rider.

Continued service under this Rider is subject to satisfactory performance by the Customer, as determined by the Company, in response to the Company's request for interruption.

2. Definitions:

Contract Demand: The Contract Demand is the maximum kilowatt demand which the Company shall be required to supply to the Customer.

Interruptible Contract Demand: The Interruptible Contract Demand of not more than 50,000 KW is that portion of the Contract Demand which the Company will supply to the Customer at all times except during Interruption Periods.

Firm Contract Demand: The Firm Contract Demand, which may be specified at different values for the months of June through September and the months of October through May, is that portion of the Contract Demand which the Company will supply to the Customer without limitation on the periods of availability.

Interruption Period: An Interruption Period is that interval of time, initiated and terminated by the Company, during which the Customer will require service at no more than the Firm Contract Demand and the Company is obligated to supply no more than the Firm Contract Demand.

Penalty Demand: The Penalty Demand is the maximum thirty (30) minute integrated demand required by the Customer during an Interruption Period in excess of the Firm Contract Demand.

Exposure Period: The Exposure Period is that period of time within the month corresponding to the weekday peak demand periods and during which interruption under these provisions is most likely to occur. Specifically, the Exposure Period for the purpose of computing monthly credits is defined as follows:

Months of June through September
1:00 p.m. to 9:00 p.m., Monday through Friday

Months of October through May
6:00 a.m. to 1:00 p.m., Monday through Friday

3. Control Notices and Limitations:

The Customer shall be notified of all initiations of Interruption Periods at least thirty (30) minutes prior to such times, and the Customer shall fully comply with the Company's requests to reduce and maintain his load to not more than the Firm Contract Demand for the duration of the Interruption Period. The Customer shall be notified of all terminations of Interruption Periods.

The Company may invoke interruption periods for not more than 150 hours in any year. Further, the Company shall have the right to invoke an interruption period at any time, subject to a maximum duration of 10 hours in any calendar day, which may be extended only by mutual agreement with the Customer.

4. Credit and Credit Computation:

Each month, a determination of the interruptible capacity available to the Company will be made in order to compute a credit. All energy consumed at a level above the Firm Contract Demand during the Exposure Period, excluding the energy consumed above the Firm Contract Demand during Interruption Periods, will be divided by the hours of duration of the Exposure Period excluding the hours of duration of Interruption Periods. The value thus computed will be reduced by the amount of the monthly maximum demand above the Firm Contract Demand which occurs during any Interruption Period. The resulting amount will be the Effective Interruptible Demand (EID) and shall not be less than zero.

The formula for computation is:

$$EID = \frac{KWH_{EP} - KWH_{IP}}{HOURS_{EP} - HOURS_{IP}} - KW_{MP}$$

Where: EID = Effective Interruptible Demand

KWH_{EP} = Energy consumed during the Exposure Period above Firm Contract Demand

KWH_{IP} = Energy consumed during Interruption Periods above Firm Contract Demand

$HOURS_{EP}$ = Hours of duration of the Exposure Period

$HOURS_{IP}$ = Hours of duration of the Interruption Periods

KW_{MP} = Maximum monthly Penalty Demand

The amount of credit to be applied to the Customer's account each month will be determined by the formula:

$$\text{Credit} = EID \times \$3.50/KW_{EID}$$

5. Penalty and Penalty Computation:

Should the Customer fail to reduce and maintain his load at, or below, the Firm Contract Demand during any Interruption Period, a penalty will be applied to the Customer's account for the month of occurrence. The penalty shall be computed by the formula:

$$\text{Penalty} = \Sigma KW_P \times \$10.00$$

Where: ΣKW_P = the summation of the Penalty Demands occurring in each and every Interruption Period during the billing period.

6. A monthly "Extra Facilities Charge," equal to 1.7% of the installed cost of the extra facilities necessary for interruptible power service, but not less than \$25, shall be billed to the Customer in addition to the billing for energy, or for demand plus energy, in accordance with the Extra Facilities provisions of the Company's Service Regulations.

7. Contract Period:

Contracts with interruptible load provisions shall be for a minimum original term of five (5) years and thereafter until terminated, by giving at least twelve (12) months' previous notice of such termination in writing, but the Company may require a contract for a longer original term of years where the requirement is justified by the circumstances.

The Company reserves the right to terminate the Customer's contract under this Rider at any time upon written notice to the Customer for failure of the Customer to reduce and maintain his load at or below the Firm Contract Demand during three or more Interruption Periods, or for violation of any of the terms or conditions of the applicable schedule or this Rider.

If the Customer requests an amendment to or termination of the service agreement before the expiration of the initial term of the agreement, the Customer shall pay to the Company an early termination charge as set forth in the Company's Service Regulations.

8. Sales Tax and Municipal Fees:

Any applicable sales tax, municipal service agreement fee, business license fee or other fee assessed by or remitted to a state or local governmental authority will be added to the charges determined above.